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MOST SECRET.

COPY NO. 20

W.M. (40) 1ST CONCLUSIONS, MINUTE 1.

Confidential Annex.

SCANDINAVIA.

THE CHIEF OF THE AIR STAFF, introducing the Report by the Chiefs of Staff Committee on the military implications of a policy aimed at stopping the export of Swedish iron ore to Germany (W.P. (39) 179), emphasised the following points:-

(a) The Chiefs of Staff recommended that the project for the complete stoppage of the export of Swedish iron ore to Germany should be carried out, in spite of the risks involved, on the assumption that its success would be decisive on the duration of the war.

(b) If this recommendation were accepted, Scandinavia would have to be regarded, for the time being, as the decisive theatre of war. Subject to being secure at home and in France, all else would have to be relegated to second place.

(c) Operations undertaken in Scandinavia might make it hard for us to fulfil our commitments to Turkey, if Germany decided to march into the Balkans.

(d) A result of our action, might be to rouse Russian hostility. In this event we might experience difficulty in finding the air forces required in India.

(e) The crucial factor in the whole problem was time. Germany might decide to attempt desperate measures, in order to bring about our defeat before she succumbed as a result of being deprived of iron ore. The crucial question, therefore, was whether the cutting off of Swedish iron ore would bring about a German collapse in a sufficiently short time.

(f) The operations which we might have to undertake in Southern Sweden, would not be militarily desirable but would be the price we should have to pay for Swedish co-operation in the Northern project.

(g) Finally, Norwegian and Swedish assent was vital for the execution of the major project.

Turning to the second Report by the Chiefs of Staff Committee, on the balance of advantage between the major and minor projects (W.P.(59) 180), THE CHIEF OF THE AIR STAFF said that the Chiefs of Staff had reached the conclusion that, if it were desired to undertake the major operation, it would be unsound to attempt the minor operation of

stopping the trade from Narvik in the meanwhile.

If we did so, two unfortunate results might ensue. We might antagonise the Norwegians, and possibly the Swedes, and thus make it most unlikely that they would co-operate with us in the larger project. Secondly, we might give the Germans a pretext for immediate demands on Norway and/or Sweden. The Germans might require the Norwegians to give them bases from which to operate against this country (which would be violating Norwegian territorial waters), under threat of bombardment from the air, or invasion.

If this happened, the Norwegians would probably ask us for help, and we should have to inform them that we could do nothing effective until March. In these circumstances, the Norwegians and the Swedes might accept the German demands, in the hopes that they would, at any rate, be protected from Russia.

The discussion then turned on the effect on Germany of cutting off supplies of Swedish iron ore.

THE PRIME MINISTER pointed out that the Chiefs of Staff repeatedly emphasised that the conclusions they had reached depended entirely on the accuracy of the premise that, by depriving Germany of Swedish iron ore, the duration of the war would be profoundly affected. He enquired whether the Minister of Economic Warfare was satisfied on this point.

SIR FREDERICK LEITH-ROSS said that while it was impossible to be dogmatic on the point, the experts were agreed that a complete stoppage of Swedish iron ore would prove decisive in the long run, though it was not possible to specify precisely the length of the period for which Germany could last out. It was thought that the period might be in the neighbourhood of a year. The length of this period depended on what alternative sources of supply were available to Germany. For example, there was a large quantity of scrap iron in Poland which could be utilised in the production of steel. There was a production of 3,000,000 to 4,000,000 tons from the south Swedish orefields, which might still be available to the Germans, and there was a possibility of the supply of some ore from Russia..

An estimate based on the best available information indicated that the German stocks of iron ore ~~as much as two~~ might be ~~about two or possibly three~~ million tons. It was not possible to estimate their stocks of steel.

THE PRIME MINISTER enquired on what hypothesis the estimate that Germany might last a year without Swedish iron ore was based. He suggested that much would depend upon whether the German armed forces were fully engaged on major operations or not.

SIR FREDERICK LEITH-ROSS said that ~~the estimate had not been based on continuous offensive operations by Germany.~~ ^{industrial} ~~activity was more important than military operations.~~ On the other hand, if no serious operations were undertaken, there was no doubt Germany would be

able to last longer. Normally ~~about~~ 75 per cent. of their steel production was used for civil purposes. Much of this production had probably already been diverted to munitions, but no doubt a still larger degree of diversion would enable the supply of munitions to be maintained for a longer period.

In further discussion the view was generally taken that, although the effect of cutting off Swedish ore would be gradual, and the time taken to bring about a collapse might be long, nevertheless in the end it would be decisive.

THE PRIME MINISTER referred to the paper by the Minister of Economic Warfare on the stoppage of iron ore from Narvik prepared on 18th December, 1939, (W.P.(G)(39) 153). In paragraph 4 of Part I of the first enclosure to that paper, it was stated that:-

"the representatives of the Swedish Government have privately undertaken by various means to reduce iron ore shipments to Germany to the lowest point possible without provoking German reprisals upon Sweden. This secret undertaking, however, was only given on the understanding and in the expectation that shipments of ore via Narvik would be prevented by us."

It looked from this statement as if the Swedes were depending on our stopping the Narvik trade. As this appeared to be at variance with the reports recently received from our Minister in Stockholm, he asked for further details.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS said that he had just received a Memorandum from Mr. Pollock, First Secretary at our Legation in Stockholm, from which he read the following extracts:-

"Before I left for London the Secretary General of the Ministry of Foreign Affairs asked me to come and see him and in the course of our conversation he asked me to visit him again on my return. This I did this morning.

I reminded Monsieur Boheman that he had previously told me that the Germans were claiming that they could run ships down from Narvik within territorial waters and that this would make it very difficult for the Swedish Government to keep down the total of exports of iron ore to Germany unless we could "do something about it". I now asked him what he meant by the suggestion that we should "do something about it", particularly as he was doubtless aware that it was not necessary for merchant ships to leave territorial waters. He said that he had not meant anything definite except that the Anglo-Swedish Trade Agreement had been negotiated on the assumption that the Germans would not be able to use Narvik. I said that we had just received definite information that a number of British vessels had been sunk within Norwegian territorial waters, and I wondered what the Swedish reaction would be to some drastic action on our part to stop the German trade from Narvik and Murmansk. He said: "None at all, as it was a purely Norwegian affair". At the same time he admitted that it was always a nuisance to neutral States when belligerents began operating within neutral territorial waters and the Swedish Government hoped that any action on our part would not result in Germany retaliating by taking similar action within Swedish waters.

I then asked him about Lulea. He said that the port had frozen up entirely about ten days ago and that the Germans had asked the Swedes to use an icebreaker to release the German ships which were frozen up in the port. The Swedes had refused to do this on the grounds that the icebreaker was required elsewhere for keeping Swedish territorial waters open. Nevertheless the German ships had been able to get away. The Germans had always assumed that Lulea would be closed completely after December 15th and Monsieur Boheman did not think that any attempt would be made to re-open it until the Spring. I said that I had heard rumours that there was a Russian icebreaker available but

Monsieur Boheman said he thought this unlikely and that it would in any case be difficult for the icebreaker to get past the minefields near the Aland Islands.

Monsieur Boheman mentioned that eight hundred employees of the Grangesburg Company had been mobilised and that this was likely further to slow down the Company's activities.

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I then said that, speaking entirely personally, it seemed to me that the important thing was that neither His Majesty's Government nor the Swedish Government should be taken by surprise by some sudden action on the part of Germany or Russia or the two combined in Scandinavia. Neither His Majesty's Government nor the Swedish Government wanted Scandinavia to be involved in the war and the only point on which they might possibly disagree, namely, that of trade with Germany, was for the time being settled by the signature of the War Trade Agreement. But there was a danger that they might both be taken by surprise by some sudden action and owing to the lack of time fail to deal with it as they would have done had they been fully prepared for eventualities. In these circumstances, I felt sure that His Majesty's Government were constantly turning over in their mind what action, if any, they would take in the event of some drastic step by Russia or Germany. We at this Legation could help them in two ways: one, by reporting how the Swedish mind was working on the same problem and, two, by reporting any information in possession of the Swedish Government as to how the minds of other Governments were working. It seemed to me that if the Swedes could give us any information on these points it could not be otherwise than to our mutual advantage as it would enable His Majesty's Government to be more fully prepared without committing either Government to any definite action. Monsieur Boheman said that he entirely agreed and he promised to take us into his confidence and let us know directly he had anything to say. At present he was honestly completely in the dark as regards both Russian and German intentions."

THE PRIME MINISTER said that this letter answered his question and confirmed his view that, in considering action to stop the trade from Narvik it was necessary to draw a distinction between the re-actions of Sweden and Norway. Sweden could hardly be implicated as, once the ore had reached Narvik it was no longer her concern; and there seemed no reason to suppose that Germany could find justification for invading Sweden on account of action by our Naval Forces in Norwegian territorial waters. A much more likely form of retaliation by Germany would be to seize bases in Norway as suggested in paragraphs 77 and 78 of the Chiefs of Staff's Report (W.P. (39) 179). From those paragraphs it appeared that there was little we could do to prevent Germany seizing these bases, from which they could develop a most serious air threat. The Chiefs of Staff further gave their opinion in paragraph 81, that it would be difficult to dislodge the Germans once they were established, and that it was therefore essential to forestall them by sending small forces to occupy these places. Finally in paragraph 85 it was stated:-

(a) Our intervention in Northern Scandinavia is very likely to provoke a German attack on Southern Norway. The object of that attack would be to obtain air and naval bases from which to dispute our position in the North Sea and Northern waters.

* * * *

(c) In our own interests we consider it essential that the Germans should, if possible, be denied bases on the Norwegian Coast. The establishment of such German bases would not only gravely compromise our naval control, but also the security of any bases we established at Trondheim.

This was strong language, and showed that this was the most important factor governing the Narvik operation. The First Lord of the Admiralty in his comments (W.P.(40) 5) had suggested stopping the Narvik ore as a means of provoking retaliation by Germany, and so getting Norway to ask for our assistance. The crux of the matter appeared to be whether Norway would act in that fashion. She might adopt quite a different attitude. She might place herself under German protection, especially when she found we could give her no effective aid. If the Norwegians acted on those lines there would be an end to any hope of our carrying out the major project.

Discussion then turned upon the probable Norwegian attitude, and the German re-action.

THE SECRETARY OF STATE FOR WAR argued that the stoppage of the Narvik trade was a perfectly legitimate operation in retaliation for the sinking of British ships in Norwegian waters, and would be unlikely to antagonize Norway or to provoke Germany into invading her. He had received information before the war pointing to the existence of a German plan for the invasion of Southern Norway. He thought that if Germany decided

that it would be profitable to put this plan into operation she would do so irrespective of whether we stopped the Narvik trade.

THE FIRST LORD OF THE ADMIRALTY thought that the sequence of events would probably be as follows. Norway would make a protest at our action. A German re-action might then follow, possibly in the form of an invasion. The effect of this would be vexatious but would in no way be decisive. On the other hand it would open the way to our next action, which would be the occupation of the Northern Ore Fields. The Norwegians would undoubtedly resist a German invasion, which would be a violation incomparably greater than the violation of territorial waters of which we should be guilty. Thus, by interrupting the trade from Narvik we should be paving the way to the major project if it appeared later, to be in our interests to carry it out. He attached little importance to the suggestion that the railway from Narvik might be cut. The Norwegians were hardly likely to destroy their own livelihood. The Germans were not in a position to carry out sabotage in Northern Scandinavia, and it was well-known that the effects of air attack on a railway line were negligible.

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THE PRIME MINISTER said that he was very anxious to undertake the limited project of stopping the Narvik traffic. He saw no serious difficulty from the point of view of international law or from the reactions of Sweden. He was, however, seriously concerned by the emphasis which the Chiefs of Staff laid upon the possible action by Germany in Southern Norway. In paragraphs 77 to 85 of their Report (W.P. (39) 179) they dealt with operations in Southern Norway, but only as part of the major project. Their conclusion was that it was essential that the Germans should, if possible, be denied bases on the Norwegian coast, and that the establishment of German bases in Southern Norway would gravely compromise our naval control. Assuming for a moment that Germany, as a result of our stopping the Narvik traffic, either had invaded, or showed themselves immediately about to invade, Norway, was there anything which we could do to forestall them or to offset the consequences of their seizing bases in this area?

Some discussion then took place on the vulnerability of the German oversea communications to Southern Norway. It was pointed out that a voyage of some 200 miles would be involved in the shipment of forces from Germany to Southern Norway. Something could undoubtedly be done to interfere with the German sea communications by submarines, but it would not be possible to cut their communications altogether. During the process of establishing air bases in Southern Norway, the Germans would undoubtedly be vulnerable to air attack, but there were very few air bases further north from

which our own air forces could operate against them. A German invasion of Southern Norway would vitally affect Sweden, since German transports would probably have to move through their territorial waters. It was possible, of course, that Sweden would be so alarmed by the imminence of the threat that she might be induced to come over into the German camp. On the other hand, it was argued that Sweden would surely be unlikely to lend any active assistance to Germany.

THE FIRST LORD OF THE ADMIRALTY urged that if Sweden gave way to German threats, it would then be open to us to go in and seize the Northern Swedish orefields at once. He thought that we should be able to develop sufficient force to make sure of achieving this object, whatever attitude Sweden or Norway adopted.

THE CHIEF OF THE IMPERIAL GENERAL STAFF pointed out that an expedition to Scandinavia in face of opposition by the inhabitants of the country would be a very hazardous affair. We had no ski-troops immediately available, and the Swedes might adopt the same tactics against us as the Finns had so successfully pursued against the Russians.

THE SECRETARY OF STATE FOR DOMINION AFFAIRS referred to paragraph 27 of the Chiefs of Staff Report (W.P. (39) 179), in which it was stated that a force of from 5,000 to 7,000 Canadians could be organised for operations in Northern Scandinavia in March. He understood from General McNaughton, commanding the Canadian Division now in England, that the Canadians had no troops at present trained to work on skis.

THE CHIEF OF THE IMPERIAL GENERAL STAFF agreed that the Canadians were not trained to work on skis, but a very large number of their troops were used to working on snowshoes. Such troops could operate in deep snow just as well as ski troops. He had discussed the question with Brigadier Crerar in London, and there seemed no reason why the numbers mentioned in the Chiefs of Staff Report should not be made available in the Spring. A very considerable number of British personnel already trained in the use of skis could also be made available.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS, referring to the limited project of stopping the Narvik traffic only, agreed that a good case could be made out for our action on the pretext of counter-measures for the German action in sinking vessels in Norwegian waters. No doubt there would be an outcry from Norway, but the consequences of this, particularly in view of the probable complacency of Sweden, were not likely to be formidable. We had, however, to face the possibility that such action would lead to the occupation by Germany of bases in southern Norway. There were, therefore, two questions to be decided. First, would such action on our part be likely to prejudice our chances of achieving our objective of carrying out the bigger project? This was important, since he understood .. from the Chiefs of Staff that the co-operation of Norway and Sweden was essential if this project was to be carried through. From the political point of view, he thought that the attitude of Norway was likely to depend primarily on the prospects of the Russians succeeding in their invasion of Finland, rather than on any action which

we took in the immediate future to deal with the Narvik traffic. The Scandinavian countries were dominated by their fear of Russia, and, if Finland seemed likely to collapse in the Spring, Norway would in all probability welcome our assistance in saving the ore fields from the Russians.

The second question for decision was whether the advantage of stopping the Narvik traffic now would counterbalance the potential disadvantages to us of the German occupation of bases in southern Norway. In his view, it would be unsound to undertake the Narvik project, with no certainty that we could ultimately carry through the bigger project, unless the former project would on balance be to our general advantage.

THE MINISTER WITHOUT PORTFOLIO pointed out that control of the coastwise shipping would be of great advantage to us in tightening up our northern Contraband Control as a whole. Not only would the iron ore traffic be stopped, but also ~~supplies~~ ^{ships carrying} oil and other commodities ~~after ending our Northern Patrol~~ which now succeeded in reaching Germany through Norwegian territorial waters.

THE PRIME MINISTER observed that if the attitude of Norway and Sweden was more likely to be determined by the Russian situation than by any action on Germany's part, the objections to undertaking the Narvik project for fear of prejudicing the chances of Scandinavian co-operation in the bigger project (to which the Chiefs of Staff referred in Paper W.P. (39) 180, paragraph 9) fell to the ground. There remained, however, the consequences to us of the possible German occupation of bases in southern Norway. If the Chiefs of Staff could re-assure the War Cabinet on this point, he would be prepared to support the proposal to take immediate steps to stop the Narvik traffic.

THE FIRST LORD OF THE ADMIRALTY said that all preparations had been made to stop the Narvik traffic immediately. The naval forces were standing by and prize crews were ready to take over the captured ships. He urged that it was impossible in any operation of war to see a way clear through all the objections that could be raised to any particular course of action. It was right that all the difficulties should be fully examined, but we should not be deterred from action simply because there were certain objections. The war was costing us six millions a day, and it would be disastrous to reach a negative decision on this proposal, which seemed to offer the best chance of ending the war quickly. He suggested that the Chiefs of Staff should immediately reconsider the possible effect on us of the German occupation of bases in Southern Norway, and should also report on what could be done to mitigate or prevent these disadvantages to us, on the assumption that action to stop the Narvik traffic was taken immediately.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS read the terms of the proposed communication to the Norwegian Government.

It was generally agreed that our communication should take the line of saying that, in view of the action taken by Germany in sinking ships in Norwegian territorial waters, we were compelled to take steps to prevent German vessels using Norwegian territorial waters, and that we proposed to take action accordingly. This would probably lead the Norwegian Government to ask when we proposed to take action, to which the reply would be that action would be taken on the ensuing day. It was also generally agreed that it would be desirable that Ministers should have an opportunity of considering the matter again after the reaction of the Norwegian Government to our communication was known and before a final decision was taken. The communication to the Norwegian Government would, however, be to the effect that a certain decision had been taken, and would not ask them any questions as to their attitude.

Discussion ensued as to whether we should communicate our intentions to the French and to the Dominions. It was recalled that M. Daladier

had communicated to us the Memorandum by Herr Thyssen emphasising the importance of Swedish ore to Germany, and that we had, at one stage, informed the French that we proposed to make a communication to the Norwegian Government as to the Narvik traffic, at the same time as we had given them an assurance in regard to the possible consequences to them of giving help to Finland. It could be anticipated, therefore, that the French would welcome the proposal. It was agreed, however, that no further communication should be made to the French or to the Dominions on the matter until the War Cabinet had reached a definite decision.

SIR FREDERICK LEITH-ROSS referred to the point that had been made in earlier Papers, that if we stopped the Narvik traffic, Germany would almost certainly retaliate immediately by stopping all shipments of food to this country from Denmark. This would cause a shortage of bacon. Food supplies from Denmark would, no doubt, be diverted to Germany, and would temporarily relieve Germany's food situation. There was also the question of Norwegian tankers chartered to us, and of supplies of ferro-alloys from Scandinavia; but it seemed, that we had nothing to fear under these heads, unless Norway was definitely antagonistic to us.

The War Cabinet -

- (i) Invited the Chiefs of Staff to give further consideration to paragraphs 77-85 of Paper No. W.P.(39) 179, in the light of the discussion which had taken place, with a view to defining more precisely:-

- (a) The military consequences of a German occupation of Southern Norway:
- (b) The steps which might be taken to obviate these consequences (e.g. by forestalling the Germans) or at least to mitigate them:
- (ii) Agreed to resume consideration of the issues dealt with in the papers before them, on the following day.

Richmond Terrace, S.W.1.,

2nd January, 1940.

- MOST SECRET -

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W.M. (40) 1st CONCLUSIONS. MINUTE 9.

Confidential Annex.

GERMANY.

Possible
Development
of Policy.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS said that at a recent interview Mr. Attlee had informed him that the previous week he had seen Dr. Benes, who had given him certain information regarding alleged developments in Germany. According to Dr. Benes's information, which was dated about the 21st December last, the German Generals had submitted to Herr Hitler a memorandum which he compared with the famous Ludendorff-Hindenburg Memorandum, in which they had said that in their opinion no offensive in the West was practicable except at a prohibitive cost, and that no decisive result could, in their opinion, be secured by air or by sea. They concluded, therefore, that Herr Hitler should consider the possibility of making peace, and they suggested that for this purpose it might be well for him to strengthen his hands by obtaining additional bargaining counters in the Balkans. The report received by Dr. Benes corresponded fairly closely with one from British secret sources, except that, according to the latter, the German Generals had said, as regards sea and air, that they were not in a position to estimate the chances of obtaining a military decision.

In reply to a question by THE CHANCELLOR OF THE EXCHEQUER, the Secretary of State for Foreign Affairs said that, as reported in the week-end Press, it was the case that Mr. Dahlerus had paid a visit to London. He had done so, however, entirely on his own initiative

and had received no kind of invitation. He had been to see Sir Alexander Cadogan at the Foreign Office, and had appeared entirely obsessed by the problem of the danger to Sweden. He seemed to have abandoned all hope of peace efforts by Field Marshal Goering.

THE LORD PRIVY SEAL said that the Director of Military Intelligence, whom he had met recently, was convinced that Field Marshal Goering was one of the most bitter enemies of this country.

The War Cabinet took note of the above statement.

Richmond Terrace, S.W.1.,
2nd January, 1940.